

## **Rental Project NOFA Workshop Questions and Answers**

**June 2009**

### **Q: What score is generally needed to be awarded HOME funds?**

A Last year, State Recipient applicants needed a score of more than 1300 points, but this varies from year to year. Since 15% of the total \$60 million announced in the NOFA (\$9 million) is reserved for CHDO applicants, CHDO project applicants can still be funded with a lower score. However, once the \$9 million CHDO set-aside is used, CHDO project applicants would need the same score as State Recipients to be funded.

### **Q: Can a RDA submit an application on behalf of a City or County?**

A: No. The HOME-eligible City or County must be the HOME applicant. The RDA can be listed as the Applicant Contact on the Universal Application Contacts Worksheet. The Applicant Contact will be our day-to day contact for information regarding the proposed project.

### **HOME Loan Amounts**

### **Q: Given declining tax credit equity pay-ins, what assumptions should be made for pay-in amounts?**

A: HOME has no set tax credit pay-in assumptions. You should make reasonable assumptions about what you think you will be able to get at the point you are planning to start construction, and propose other funding necessary to fill the gap. Even though HOME may increase a project's loan amount to make up for some loss of tax credit equity, the HOME application must be submitted showing the project as feasible without assuming any additional HOME funds.

### **Choice Limiting Actions**

### **Q: What does HOME consider an acceptable option agreement?**

A: An option agreement is acceptable if it extends until after the anticipated date of the issuance of the Authority to Use Grant funds. The option price must be nominal, meaning that it is no more than 10% of the purchase price. The agreement must also be conditional in nature so as not to provide a legal claim to any amount of HOME funds to be used for the specific project or site until the environmental review process is satisfactorily completed. The agreement must explicitly state that it is conditioned on the Responsible Entity's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review. For more details on required and prohibited provisions of agreements consistent with NEPA, see [CPD Notice 01-11](#)

**Q: Is weed abatement through tilling of the soil permissible?**

A: Yes. Weed abatement is not considered a choice limiting action.

**Q: Which is a choice-limiting action—City council approval of a project loan, or execution of the loan documents?**

A: If the loan is a non-federal loan, execution of the loan documents is the choice limiting action. If the loan is a federal loan, either city council approval of the loan or execution of the loan documents would be a choice limiting action. .

#### Applicant Capability

**Q: Who do the negative and positive Capability points apply to?**

A: The Housing and Community Development Experience rating factor and the Late Reports rating factor look only at applicant capability. All other Capability rating factors (Similar Project Experience, Missed Project Deadlines, Material Misrepresentation of Facts, Holdout Penalty, and Noncompliance with Monitoring Requirements) award or take away points based on the experience and/or performance of the applicant, developer, owner, and managing general partner. See pp. 38-40 of the NOFA for more information.

**Q: How are the project deadline dates in the Standard Agreement derived?**

A: The time periods for each of these deadlines come from State HOME Regulation 8217.

**Q: If a State Recipient has missed deadline dates in a Program activity Standard Agreement will it affect a project application?**

A: No.

#### Market Study

**Q: If the proposed project is in a very remote rural area, how large can the PMA be?**

A: The PMA can be as large as is appropriate; however If the PMA is larger than the City or community boundaries, the market study must provide factual information and analysis persuasive to the Department addressing at least four of the following six factors related to tenant willingness to move from the town or city they are living in now to the proposed project: 1) demographic and socio-economic characteristics, 2) experience of nearby comparable developments, 3) accessibility to mass transit or key transportation corridors, 4) commute patterns, 5) market perceptions, or 6) target tenant population.

**Note:** in very remote rural areas, even doing an analysis based on the requirements discussed above, once the PMA becomes larger than the City or community boundaries, it becomes difficult to convincingly demonstrate that enough people will be willing to move to the proposed project.

**Q: What if there are no comparables in the in the entire county?**

A: Pursuant to the HOME PDP requirements for market studies, single family homes can be used for comps for three and four bedroom rental units. Duplexes and triplexes can also be used as comparables for rental units with the same number of proposed bedrooms.

See pp. 37-8 (new construction) or pp. 44-5 (rehabilitation) of the HOME supplement for more information on market study requirements.

**Q: Can we use mobile homes as comps?**

A: Mobile homes where both the mobile home itself and the land underneath are rented can be used as comparables as long as appropriate adjustments are made for differences between the proposed project and the mobile home comparables. Keep in mind when setting your project rents however, that there may be some amenities in your proposed project that a low or very low income person may not be willing to pay additional rent for. The comps should also adjust for that which is lost in moving from a detached, single family mobile home to an apartment building.

**Q: TCAC now allows age 55 and older senior projects. Is it ok to use demographic data for 55 year olds in this instance?**

A: Yes. Just make sure the demographic data used is consistent with the population you are targeting, as well as with UMR 8305 (b) minimum occupancy requirements.

**Q: How does HOME verify that a market study has listed all the existing and planned subsidized projects in the area?**

A: We consult information on TCAC's website regarding proposed and completed projects, as well as consider other proposed and completed State HOME and HCD projects in the area.

#### Appraisal

**Q: If land has been acquired for \$1, does an appraisal need to be submitted?**

A: Not unless the land value is being counted as a Sponsor capital contribution to the project for purposes of increasing the paid developer fee. (Note: in the case of a Sponsor capital contribution, the Sponsor has to own the land first and then donate it to the project.)

**Q: Appraisers generally are not qualified to account for the costs of demolition and environmental remediation in assessing land value. How then do we meet HOME's requirement that these costs be factored in to the land value?**

A: UMR 8311 generally requires that proposed project sites not need site development work that is significantly more costly than that typical for other similar projects in the local market area. It is when this site development work is significantly more costly than that required for other similar projects in the local area that the fair market value of the land will be impacted. In these cases, these costs must be reflected in the appraisal. The appraiser should work with the developer in accessing third party cost estimates for these unusual site development costs, and then factor these costs into their land valuation.

**Q: If a restrictive covenant was placed on the land by the RDA after purchase by the HOME applicant, developer, or related party, does a new appraisal have to be ordered which takes this into account, or can the appraisal at the time of the last arms length transaction be used?**

A: Because the restrictive covenant was placed on the land by a related party after the property was purchased in an arms-length deal, the appraisal done for the arms-length transaction is acceptable. What we care about is the fair market value of the land at the time the land was purchased by the applicant /developer /related party. Note, as discussed above, per UMR 8311 (d) any site development work that are significantly more costly than that typical for other similar projects in the local market area which needs to occur in order for the land to be developed, needs to be accounted for in the appraisal in order to determine the fair market value of the land (e.g. extensive environmental remediation of the site.)

**Q: There is an old mobile home on concrete blocks currently on the land. It will be removed without tear-down and without any materials getting into the soil. Do we still need to discuss removal costs in the appraisal?**

A: Per UMR 8311, you do not need to account for these costs in determining the value of the land if the costs for removal of the structure are usual and customary and do not involve any unusual remediation or other site work than that typical for other similar projects in the local market area such that the fair market value of the land would be impacted by these costs.

## Lead, Asbestos, and Mold Reports (Rehab projects)

### **Q: When is an asbestos report not required?**

A: An “Asbestos Containing Material Report” report is required to be submitted with the HOME application for every rehabilitation project. See p. 46 of the HOME Supplement for more information.

### **Q: What percentage of the units have to be inspected in preparing the mold, asbestos, and lead reports?**

Per state HOME regulations, the asbestos, mold, and lead-based paint assessments must demonstrate whether the project is free from severe, adverse, environmental conditions. Therefore, the Department has determined that for the asbestos and mold reports, at least 50% of the units have to be inspected, including all units believed to be most at-risk for the particular hazard

For the lead-based paint report, federal lead regulations generally require that unless the presence of lead is presumed, paint testing must be conducted on all deteriorated painted surfaces or surfaces that will be disturbed or replaced. It is our expectation that most developers will presume the presence of lead after inspecting only a few units with positive results for lead. Lead hazard reduction or abatement activities must be conducted in accordance with [24 CFR Part 35](#).

If you are presuming lead-based paint in all deteriorated painted surfaces or surfaces that will be disturbed or replaced, note this in your lead report, and discuss what remediation measures will be undertaken in accordance with Part 35.

Note: although you are only required to inspect 30% of the units in performing the PNA, if there are inconsistencies between the PNA findings, and the findings of the lead, asbestos, and mold reports, this will be cause for concern.

### **Q: If the PNA examines the property for asbestos, do we still need to give you a separate PDP report on asbestos?**

A: Yes. The asbestos report is a required item under the HOME regulations, and it is separate item from the PNA. See p. 46 of the HOME Supplement for more information.

### **Q: What should the mold testing focus on?**

A: Mold testing should identify the type and quantity of mold(s) present. The mold report should discuss whether the mold present is of the type and quantity normally found in the indoor or outdoor air, or is otherwise potentially hazardous.

**Q: Does the mold report have to conclude there is no mold?**

A: No, but if there is mold identified as a hazard then you are required to have a remediation plan to correct any identified hazards, and the cost for remediation has to be shown in the development budget.

**Q: What if I only submit two of the three required reports for the Lead, Asbestos, Mold PDP item?**

A: If any of these required reports is missing from your application you will lose all 25 points for this PDP item. Your project may also be delayed in getting to Loan and Grant committee if it ranks high enough to be funded and is still found to be feasible. For lead only, if the building was constructed after January 1, 1978, you must explain and clearly document when the building was constructed if no lead report is being submitted. These reports must be prepared no earlier than February 15, 2009. See pp. 46-7 of the HOME Supplement for more information.

#### Itemized Preliminary Construction Cost Estimate

**Q: Will HOME permit the construction cost estimate to be prepared by the GC for a rental new construction project, instead of the project architect?**

A: No. The preliminary construction cost estimate must be prepared and signed by the architect; however, the architect may consult with the GC in preparing this item.

**Q: Does the itemized preliminary construction cost estimate need to be as detailed as the construction cost breakdown which is included in the construction contract?**

A: No.

**Q: What is meant by “immediate need of replacement”? (Rehab projects)**

A: For rehab projects, the Itemized Preliminary Cost Estimate and Detailed Scope of Work must include all items needing to be replaced in the first five years, as identified in the PNA. No work identified as long term, i.e., required after the first five years, may be included in the scope of work unless it is necessary due to other required rehabilitation work.

#### Floodplain Analysis

**Q: What does a FEMA Flood Certification form look like?**

A: See the sample form attached to the e-mail containing this document.

## Geotechnical Soils Report

**Q: If the report was dated no earlier than February 15, 2007, is an update letter needed to confirm there has been no seismic event or change in use that would change the conclusions of the original report?**

A: If the report was prepared no earlier than February 15, 2007 an update letter would not be required; but it is recommended that you submit a letter to discuss whether anything with respect to the site has changed which may impact the results of the original report (e.g. no grading or seismic event, no changes in the type of project being developed e.g. from single-story to 3-story). If any of these types of changes have occurred, a new geotechnical report is required to be submitted with the application.

If the report was prepared prior to February 15, 2007, an update letter provided along with the original report is required. The update letter must clearly state whether there have been significant changes to the site since the original report (e.g. no grading or seismic event), no changes in the type of project being developed (e.g. from single-story to 3-story), or no other changes in factors that would affect the conclusions of the original report. If no changes have occurred, new borings are not required. If any of these types of changes have occurred, a new geotechnical report is required to be submitted with the application.

## Relocation

**Q: There is a dilapidated mobile home on the project site which has been vacant for two years. Is a letter from the owner verifying the period of vacancy enough to demonstrate that relocation requirements will not be triggered?**

A: A letter from the owner verifying the period of vacancy would be useful. However, if there is other information in the application which contradicts the owner's statements, a letter from the owner may not be enough to demonstrate that relocation will not be triggered. Remember to verify what the owner is telling you with statements or observations made in the appraisal or Phase I. Contradictory information on this issue will be cause for concern.

**Q If an owner is currently leasing space on his property, are relocation requirements for a business triggered?**

A: If the property owner is conducting the business activity, no relocation requirements are triggered. If a business is owned by someone else other than the property owner, relocation of that business is required. Remember that if relocation is not triggered, you must explain and document to the Department's

satisfaction why these requirements are not triggered in order to receive points for the relocation PDP item.

**Q: Can a person or business waive their rights to relocation benefits?**

A: The tenants (persons or business) should be offered relocation assistance under the URA and Section 104(d), if applicable. The tenants could turn down the assistance once they are fully informed, but it must be well documented, i.e., proof that the payment calculations were given and explained to the tenants along with a written statement from the tenants stating why they are turning down the payment.

**Q: In the relocation item, what does “certified rent roll” mean?**

A: The property manager certifies the rent roll. The rent roll must show unit number, household size, income, tenant name, move in date, last income certification date (as appropriate), and rent (at Initiation of Negotiations and current).

**Q: If people don’t have to move, would you just send a General Information Notice (GIN) to tenants telling them that no move is needed and then do a Plan?**

A: Yes. A GIN is general, not specific—it only lets tenants know that a project is contemplated and that they shouldn’t move or they may lose relocation benefits. The Plan is specific and should describe all the actions needed, and that no temporary relocation is required.

**Q: If the seller already has a Relocation Plan which says that tenants might have to leave, do we still need to send out GINs?**

A: Yes, the tenants are still required to receive a GIN from you as soon as the Initiation of Negotiations has occurred. In addition, you must have a Relocation Plan that complies with federal Uniform Relocation Act requirements and Section 104 (d) of the Housing and Community Development Act of 1974, if applicable. At the very latest, the Initiation of Negotiations is when you have submitted an application for federal funds (e.g. HOME funds), although the specific facts surrounding your project may necessitate an earlier Initiation of Negotiations date.

Physical Needs Assessment – PNA (Rehab Projects)

**Q: Can a PNA be done by in house staff of the developer or a related party?**

A: No. The PNA must be performed by a an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended



partners of the applicant, or with the general contractor. In addition, the PNA preparer must have the appropriate license as an architect, GP, or engineer and must be regularly in the business of performing PNAs for lender or investor clients.

**Q: Is it o.k. to propose improvements only for energy efficiency, even if not called for in the PNA?**

A: If the improvements are needed to meet state or local code requirements, they must be done, regardless of whether they are called for in the PNA. You must also do all work identified in the PNA as needing to be done within the first five years.

For Green Building points, a rehab project is only required to do those items on the Green Building checklist that are within the scope of work of the proposed rehab.

If you are proposing work that is not identified in the PNA as needing to be done within the first five years, include an explanation with your Preliminary Rehabilitation Cost Estimate and Detailed Scope of Work which explains why this work is required to be done (e.g. City building code requires that this be done).

**Q: Do I receive full points for PDP items not needed.**

A: For new construction projects, you may receive full points for the Relocation PDP item, and for rehab projects constructed after January 1, 1978, you may receive full points for the lead-based paint report, if a sufficient explanation and documentation is provided regarding why the item is not needed for your proposed project.

Local Approvals

**Q: What is a sufficient explanation when a Local Approval is not needed?**

A: The explanation must state specific facts which lead the Department to conclude that the particular local approval in question is not needed for the particular project in question. For example:

Zoning – The land for this project is already zoned R-3, which is the zoning designation required by the City for a density of more than 20 units per acre.

Design Review – Design review is not a “discretionary approval”; therefore, it is required by the City for the area where the proposed project is to be located.

## Financing Commitments

**Q: In rehab projects where there will be a loan assumption, does the public lender whose loan is being assumed have to agree to all major terms of the project as required by HOME and the UMRs?**

A: Yes, and in order to receive points for the assumed loan as committed permanent financing, the financing commitment letter from that lender must indicate agreement with all HCD terms as set forth on p. 55 of the HOME supplement. Applicants in this situation should begin working with HOME and these other lenders as soon as possible in order to secure a commitment letter by the HOME application deadline that meets these requirements. In addition, a project with assumable public financing will not be taken to loan committee until all major underwriting requirements and loan terms have been agreed to by HOME and the other public lender(s).

## State Objectives

**Q: Can projects proposing use of Mental Health Services Act (MHSA) funds get the State Objective Points for Special Needs Financing?**

A: Yes. However, be careful that the definition of the specific targeted population group is acceptable under Section 504, which generally prevents restricting occupancy in HOME projects to people with a specific, narrowly defined, disability.

**Q: Are rehabilitation projects required to do Green Building items that are not within the proposed rehab scope of work in order to receive points for Green Building?**

A: No. Rehabilitation projects proposing to do Green Building do not have to commit to doing items that cannot be performed within the scope of work proposed for the necessary rehabilitation. For example, if there is no code requirement necessitating that the windows be replaced, and the PNA does not recommend that the windows be replaced within the first 5 years, the project would not be required to install and flash windows (#5 on the Green Building checklist) to receive Green Building points.

**Q: Should everyone checkmark the Geographic Diversity State Objective?**

A: It doesn't matter. The Department will assign these points.

**Q: How do I find out if my project can get on a Regional Economic Recovery Work Plan?**

A: To find out if there is a Regional Economic Recovery Work Plan in the area of the proposed project, go to <http://www.business.ca.gov> , and click on "Regional Economic Recovery Work Plans". Then click on the area of the map where your project is located. You should get a copy of any list that has been developed for the region, or a contact person to call to discuss whether your project can get on the list in time to submit this information with your HOME application.

Alternatively, if no Regional Economic Recovery Workplan has been developed for your area, to receive the points for this State Objective the developer and applicant can submit a signed letter which states that the project will be ready to begin construction within two years of the HOME application deadline. This statement cannot be conditional in any way.

### Financial Feasibility

#### **Q: How should social services costs be listed on the Universal Application Operating Budget?**

A: The social services coordinator salary should be shown on Line 11 of the UA Operating Budget. This expense is considered part of the building's operating budget pursuant to UMR 8301 (j).

For applications to HOME and other HCD programs, other "Social Programs/Social Services" expenses are not considered part of the building's operating budget. (This category of expenses is not an eligible use of HCD funds.) Hence, if you have these expenses, list them on Line 137 of the Operating Budget, not on Line 69. Line 137 is for informational purposes only, and will not be reflected in project cash flow, pursuant to UMR requirements.

#### **Q: If the underwriting requirements of HUD 202, HUD 811, HUD Supportive Housing Program or CalHFA Mental Health Services Act (MHSA) projects differ from the UMRs, how should the project be proposed?**

A: With the exception of Social Services/Social Programs expenses as noted in the question above, propose the project in accordance with the underwriting requirements of these specific programs, and provide an explanation of each differing requirement where it arises in completing the application. Provide this explanation either in an "Applicant Comments" section of the applicable worksheet, or on a separate page attached to the hard copy of the applicable worksheet. The Department will evaluate whether this difference is acceptable. If you do not footnote the basis for this difference, the Department may assume you made an error in underwriting your project.

**Q: How should rent levels for projects with project-based rental assistance (e.g. project-based Section 8, HUD 202) be shown on the Universal Application?**

A: On the Universal Application Rents Worksheet, enter the maximum gross rent of the most restrictive funding source according to the directions on this worksheet. (Your utility allowances will autofill from the Misc. Worksheet earlier in the Universal Application.)

On the Universal Application Subsidies Worksheet, in the “Gross Monthly Contract Rent” column, enter the Fair Market Rent or Payment Standard for that AMI level and unit size, and fill in the number of units. Make sure the “Restricted Rents” button is clicked on both the Subsidies Worksheet and the Cash Flow Worksheet.

For example, in a 202 project with HOME and 202 funds, the HOME maximum rent for a 1 bedroom 50% AMI unit is \$523. The HUD 202 payment standard for that AMI level and unit size is \$723. After filling in the number of units, the form will calculate the difference between the Gross Monthly Contract Rent and the Maximum Restricted Net Rent. Preparing your application in this manner will enable the Department to evaluate all projects with project-based rental assistance in the same way.

Applicants proposing use of project based rental assistance should submit documentation with their Rents Worksheet that substantiates the Fair Market Rent or Payment Standard for their county for each AMI level and unit size under the particular program.

*The Department understands that HUD 202 and other project-based assistance programs may require that the project proforma show zero cash flow every year. If the project is taken to Loan and Grant Committee, a proforma will be prepared that fulfills this requirement, even though the built in formulas in the UA form don't enable you to show this kind of budget balancing.*

**Q: If I am proposing use of RD 515 funding, how do I reflect RD operating assistance on the Universal Application?**

A: Contact HOME Management to discuss.

**Q: How should HOME Activity Delivery, Administration, and CHDO Operations uses/costs be shown in the Universal Application?**

A: HOME Activity Delivery funds are available for staff and overhead costs directly related to carrying out a project. Administration funds are for general management oversight and coordination costs. Activity Delivery and Administration funds are available only to State Recipients. CHDO Operations

funds are for reasonable and necessary costs for the operation of the CHDO, including things such as employee salaries, training, travel, office rent, equipment, and supplies. These funds can also be used for the same types of expenses as State Recipient Activity Delivery and Administration.

Activity Delivery, Administration, and CHDO Operations are a grant from the HOME program and are not part of the HOME loan amount. Hence, these funds should not be listed on the Development Sources, Development Budget, or Permanent Sources and Uses Worksheets. For 2009, the amount available for Activity Delivery, Administration, and CHDO Operations is in addition to the maximum loan amount; so it cannot be turned down in order to get a higher HOME loan.

However, if an applicant chooses to use their Activity Delivery, Administration, or CHDO Operations funds to cover an eligible cost listed on the UA Development budget, (for example, use of Activity Delivery for the Prevailing Wage monitor), note in your application narrative and in the Development Budget on the Applicant Comment line for this item that this cost (specify amount) is being paid for with these funds. If the cost is being covered partially with HOME loan funds and partially with Activity Delivery, Administration, or CHDO Operations, put the loan portion in the Development Budget itself, and the grant portion in the Narrative and in the Development Budget Comment Line as instructed above.

Note: Activity Delivery costs may be used to pay for any project related soft costs normally paid for by the developer; however, we caution State Recipients to retain enough Activity Delivery to meet their due diligence requirements.

**Q: How should managers units be shown on the Universal Application Rents Worksheet?**

A: If the manager's unit will be an income-restricted unit, display this unit by bedroom size on lines 19-24 of the Universal Application. If the manager's unit will be restricted, but you are not charging rent for this unit, leave the "Rent Limit Calc Formula" cell blank. Fill in only the AMI level and the number of units by bedroom size. HOME does not recommend making the manager's unit a restricted unit.

If the manager's unit/s will be an unrestricted unit, display this unit by bedroom size on lines 121 -123 of the Universal Application. If you are not charging rent for this unit/s, leave Column H for these rows blank. Fill in only the number of units by bedroom size (Columns C and D).

**Q: If no rent will be charged for the managers unit, should the value of free rent be shown?**

A: No. Never show the value of free rent. Doing so artificially inflates the expenses shown in the Operating Budget and Cash Flow worksheet (15-year

proforma), as well as altering your debt coverage ratio. **Click “No” in the “Show Free Rent as an Expense” box at the beginning of the Operating Budget.**

**Q: Will HCD consider cash flow after the first 15 years?**

A: If the trend over the first 15 years indicates that the project will have negative cash flow after year 15, HCD may require modifications to the project to ensure longer-term feasibility.

**Q: Is there a maximum on the amount we can put into the UMR-required capitalized operating reserve?**

A: No, but you should provide an explanation of why a higher capitalized operating reserve is needed. Note also that HOME funds cannot be used to fund the capitalized operating reserve. See pp. 10 -11 of the HOME Supplement for more information on reserves.

**Q: Is there a maximum on the amount we can put into a rehab construction contingency?**

A: Any amount more than 10% of “total construction cost” should be explained in the “Applicant Comments” section of the Development Budget. For purposes of this calculation, “total construction cost” includes only site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements. It does not include liability insurance.

#### Transition Reserves

**Q: For rehab projects, does the transition reserve to prevent displacement as a result of increased rents due to the rehabilitation apply to all existing tenants, or just the tenants in the HOME units?**

A: Yes, this applies to all units, not just HOME assisted units. Consistent with Section 92.353 of the Federal HOME Regulations, if rents for existing tenants will increase as a result of rehabilitation, a transition reserve will be required to maintain rents for these tenants (tenant-paid amounts), at the levels they were prior to the rehabilitation (technically, the same rents as of the “Initiation of Negotiations” date). Rents must be maintained at these levels for existing tenants, not including regular increases in expenses, for as long as the tenant lives in the project. In establishing the size of this reserve, reasonable turnover assumptions may be made. Your calculations for the size of this reserve must be thoroughly explained in the “Additional Applicant Comments on Development Budget” section.

**Q: In rehab projects, when are we not required to budget for a transition reserve to maintain rents for existing tenants at rents levels prior to the Initiation of Negotiations date?**

A: You are not required to budget for a reserve as discussed above if the rents for existing tenants will not rise at all as a result of the rehab project. Include specific facts in your relocation plan to explain why this transition reserve will not be needed.

#### Developer Fee

A supplemental Question and Answer document on developer fee issues will be available in early July. Check our website at <http://www.hcd.ca.gov/fa/home/2009NOFA.html> for this information.